

Message Text

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43

ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 AGR-10 AID-05 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 L-03 H-02 STR-04

/085 W

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R 272221Z JUN 75

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 6144

INFO AMCONSUL GUAYAQUIL

UNCLAS QUITO 4633

E.O. 11652: N/A

TAGS: ETRD, EAGR, EC

SUBJECT: HOUSE OF REPRESENTATIVES SUGAR HEARINGS AND REQUIRED
INFORMATION

REF: STATE 141876

1. A. THE "AVERAGE" CURRENT COST OF PRODUCTION FOR RAW
SUGAR IS EIGHT U.S. CENTS PER POUND, EEXMILL IN THE HOST
COUNTRY. TWO MILLS--SAN CARLOS AND VALDEZ HAVE LOWER COST.
THE TWO "SMALL" MILLS IN THE SIERRA HAVE HIGHER COST.

2. B. REFERENCE OUR REPORT EU 5016. ECUADOR CONSUMES
"WHITE" SUGAR OBTAINED WITH THE SULFICATION PROCESS (SO2).
AZTRA SUGAR MIL HAS A SMALL REFINERY THAT IS GOING TO
OPERATE THIS YEAR TO EXPORT A SMALL AMOUNT OF REFINED SUGAR.
OFFICIAL DOMESTIC PRICES OF "WHITE" SUGAR:

LOCATION	AT MILL	WHOLESALE	RETAIL
	\$/CWT 1/	\$/CWT	\$/CWT
PICHINCHA PROVINCE (QUITO)	5.40	6.12	6.80
GUAYAS PROVINCE	5.40	5.74	6.40

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(GUAYAQUIL)

LOJA PROVINCE	5.40	6.00	6.40
AZUAY PROVINCE	5.40	6.12	6.80
OTHER	5.40	6.12	6.80

1/ 1 CWT EQUIVALENT TO 100 SPANISH POUNDS

REF: EU 5016, PAGE 8

3. C. THE UNIT VALUE FOR SUGAR EXPORTS IN 1974 WAS 27.6 U.S. CENTS PER POUND, OBTAINED BY DIVIDING THE VALUE BY THE QUANTITY OF 1974 EXPORTS. IN 1974 ALL THE SUGAR EXPORTED WENT TO THE U.S.A. PRICES FOR RAW SUGAR EXPORTS REFLECT U.S. MARKET PRICES. SUGAR EXPORTS ARE TAXED AT 12 PERCENT (LARGE MILLS GRINDING OVER 2000 TONS OF CANE PER DAY) OF THEIR FOB VALUE WHICH IS DETERMINED TO BE US\$2.15 LESS THAN THE CIF NEW YORK PRICE (DUTY INCLUDED).

REF. OUR REPORT EU 5016

4. D.
SUGAR PRODUCTION AND EXPORTS BY YEAR BETWEEN 1975-1979
SHORT TONS

	1/ 1975	1/ 1976	1/ 1977	1/ 1978	1/ 1979
PRODUCTION	320,000	354,000	410,000	475,000	520,000
EXPORTS	70,000	96,800	103,000	106,000	109,000

1/ IF PROCESSING CAPACITIES ARE BEING EXPANDED AS PLANNED.

5. E. REF. OUR REPORTS EU 5016,
MILL PROCESSING CAPACITIES ARE BEING EXPANDED AS WAS NOTED
IN EU 5016 OF 5/2/75.

MIL	1975	1976	1977
	TONS OF CANE/DAY		
SAN CARLOS	6,200	6,200	8,000
VALDEZ	7,000	8,000	10,000
AZTRA	7,040	7,700	9,350

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TABABUELA	1,320	1,320	1,320
MONTERREY	551	551	551
ISABEL MARIA	1,000	1,000	1,000
LUZ MARIA	600	700	700
TOTAL	23,711	25,471	30,921

THE GOVERNMENT - MINISTRY OF AGRICULTURE - IN NOVEMBER

1974 ASKED FOREIGN AND NATIONAL CONSULTANTS TO SUBMIT DOCUMENTATION WHICH WOULD QUALIFY THEM TO MAKE A TECHNICAL AND ECONOMIC STUDY TO DETERMINE THE DESIRABILITY OF ESTABLISHING ONE OR MORE MILLS IN ECUADOR AND THEIR APPROPRIATE LOCATION. AFTER THE STUDY IS FINISHED AND APPROVED, IT WILL TAKE FROM 4 TO 5 YEARS TO HAVE THE MILL OPERATING.

6. F. REF. OUR REPORT EU 5016

GROWTH RATE OF DOMESTIC CONSUMPTION: THE GROWTH RATE FOR INTERNAL CONSUMPTION OF WHITE (SULFITADO) SUGAR (99.5 POLARIZATION) IS CURRENTLY BELIEVED TO BE RISING AT THE RATE OF 8 TO 10 PERCENT PER YEAR. ON A MARKETING YEAR BASIS INTERNAL CONSUMPTION IS PROJECTED TO RISE FROM 230,000 STS IN 1974/75 TO 2500,000 STS IN 1975-76. THE 8-10 PERCENT ANNUAL GROWTH IN INTERNAL USAGE IS LARGELY DUE TO GROWING POPULATION (3.4 PERCENT PER YEAR) AND THE INCREASED USE OF A RELATIVELY LOW PRICED INGREDIENT BY INDUSTRY FOR SOLFT DRINKS, CANDY, ETC.

7. G. NEITHER THE GOE NOR THE PRIVATE INDUSTRY HAVE ENTERED INTO ANY LONG TERM EXPORT COMMITMENTS.

8. H. REF. OUR REPORT EU 5016

DECREE NO. 65 OF JANUARY 1974 REGULATES THE SUGAR PRODUCTION. SUPERINTENDENCIA DE PRECIOS (PRICE SUPERINTENDENCE) REGULATES THE OFFICIAL PRICE OF THE SUGAR SOLD IN THE LOCAL MARKET. MICEI AND MAG HAVE BEEN IN CHARGE OF DISTRIBUTING THE EXPORT QUOTAS OF SUGAR AND MOLASSES. A NEW AGENCY, ENAC, WILL TAKE THE RESPONSIBILITY FOR THE LOCAL DISTRIBUTION OF SUGAR AND IN KEEPING THE STATISTICS OF PRODUCTION, CONSUMPTION, INVENTORIES AND EXPORTS. SEE REPORT EU 5016 OF 5/2/75, PAGES 9, 10, 11, AND 12.

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Message Attributes

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